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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 20, 2001

APPLICATION OF

VIRGINIA ELECTRIC AND POWER COMPANY

CASE NO. PUE000741

For a certificate of public convenience  
and necessity under the Utility Facilities  
Act to develop, construct, own, and operate  
an intrastate natural gas pipeline

ORDER GRANTING PRELIMINARY APPROVAL

On December 15, 2000, Virginia Electric and Power Company ("Virginia Power" or "the Company") filed an application with the State Corporation Commission ("Commission") for a certificate of public convenience and necessity to develop, construct, own, and operate a 14-mile natural gas pipeline lateral and related facilities for the receipt and delivery of natural gas needed as fuel for new natural gas-fired generation facilities and other existing facilities at Virginia Power's Possum Point Power Station ("the Station") in Prince William County, Virginia. As explained in the Company's application, Virginia Power plans to develop, construct, own, and operate a new natural gas pipeline and related facilities that will interconnect with the Williams Company's Cove Point Pipeline at a point in Fairfax County, Virginia, and will run in a southerly direction approximately 14 miles to the Station. The Company

proposed that the pipeline be designed for a maximum allowable operating pressure of 1250 psig.

In its December 15, 2000, application, the Company proposed to locate 85 percent of the route of the proposed pipeline within an existing Virginia Power electric transmission right-of-way or on Virginia Power property.<sup>1</sup> According to the Company, construction of the project will require a 75-foot wide right-of-way, of which 50 feet will be permanent right-of-way, and 25 feet will be temporary construction right-of-way. Additional temporary construction work space will be required in areas of road and waterbody crossings such as crossings under Interstate 95 and the Occoquan Reservoir.

After meeting with citizens owning property affected by the proposed pipeline, Virginia Power refined the proposed route, adjusting it in the area of the Lake Ridge development to shift from the east to the west side of the Virginia Power transmission easement to allow the preservation of an approximately 15-foot wide area of trees. The Company considered the responses received from the various environmental and regulatory authorities tasked with review of the project, as well as affected property owners, and moved more of the pipeline into its electric transmission right-of-way. As of the

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<sup>1</sup> As noted at page 6 of DH-4 to Virginia Power's application, the Company's existing electric transmission line right-of-way easements do not include the rights to construct natural gas facilities.

April 26, 2001, public hearing date, approximately 94.5 percent of the route of the proposed pipeline was proposed to be located within existing Virginia Power electric transmission right-of-ways or on Virginia Power property.

An additional adjustment in the area of Potomac Hospital was made to accommodate future hospital expansion plans.<sup>2</sup> This adjustment placed the pipeline within Virginia Power's electric transmission easement adjacent to Potomac Hospital. Including these adjustments to the pipeline route, the final location of the Company's proposed lateral pipeline may be described as follows:

The pipeline route begins at a proposed tap on the Williams Cove Point Pipeline in Fairfax County, Virginia at a point within Virginia Power's existing electric transmission right-of-way and proceeds in a southerly direction paralleling Virginia Power's electric transmission facilities. The route crosses County Route 647 (Hampton Road) and passes through the Sandy Run Regional Park before crossing the Occoquan Reservoir. At the Occoquan Reservoir, the route leaves Fairfax County, Virginia, and enters Prince William County, Virginia. The pipeline route continues within the Virginia Power electric line right-of-way through the Lake Ridge subdivision. Within the Lake Ridge subdivision, the pipeline crosses

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<sup>2</sup> Virginia Power witness Baumann describes the actions taken by the Company to notify landowners affected by the route adjustments in the vicinity of the Lake Ridge Subdivision and the Potomac Hospital. Ex. DB-18 at 5-6. These landowners received personal notification or certified letters from the Company regarding the route adjustments. Additionally, all of the landowners affected by the Lake Ridge and Potomac Hospital adjustments were included in a further mailing by Virginia Power on April 2, 2001, providing an update on the pipeline, describing the route adjustments and setting out the times, dates, and location for the April 9 and 26 hearings. Ex. DB-18 at 6.

Deepford Drive, Woodfern Court, Old Bridge Road, and Oakwood Drive. Continuing in a southerly direction, the pipeline route crosses Omisol Road, Maple Ridge Drive, and County Route 640 (Minnieville Road). Shortly after crossing County Route 640 just east of Bethel, the route leaves the electric line right-of-way and proceeds in an easterly direction for approximately 4,500 feet where it begins to parallel another Virginia Power electric line right-of-way, just West of I-95. The route crosses I-95 and continues in a southerly direction continuing to parallel the Virginia Power electric line right-of-way across Princess Anne Lane, past the Potomac Hospital, and across Optiz [Opitz] Boulevard. Still proceeding in a southerly direction and continuing to parallel the Virginia Power Company electric line right-of-way, the route crosses Dale Boulevard, U.S. Route 1 (Jefferson Davis Highway), County Route 638 (Blackburn Road), County Route 610 (Neabsco Road), Jennings Street, and County Route 635 (Cherry Hill Road). Approximately 5,000 feet south of the County Route 635 crossing, the route enters Virginia Electric and Power Company property. There the route crosses County Route 783 (Cockpit Point Road), and the Fredericksburg and Potomac Railroad, before ending at a measuring and regulating station proposed to be located at the [Possum Point Generating] station.

Ex. DB-18 At 2-3.<sup>3</sup>

Virginia Power noted in its application that it used Virginia Power Energy Marketing, Inc. ("VPEM"), an affiliate, to assist it in the arrangements for obtaining gas supplies for the

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<sup>3</sup> Hereafter, all references to exhibits shall be to "Ex.\_\_at\_\_." All references to the transcript shall be to "Tr. at \_\_."

Station and to construct the new gas facilities. VPEM selected Dominion Transmission, Inc. ("DTI"), an affiliate of Virginia

Power and VPEM, to construct and operate the new gas pipeline and associated facilities. The estimated cost of the proposed pipeline and associated facilities is approximately \$22,200,000. The Company stated that, in accordance with the Functional Separation Plan ("Plan") filed with the Commission on November 1, 2000, if the Station is transferred to Dominion Generation as proposed in that plan, the Company will also seek to transfer the new gas pipeline and related pipeline facilities to Dominion Generation, its affiliate.

On January 25, 2001, the Commission entered an Order for Notice and Hearing in which it docketed the application, appointed a Hearing Examiner to the matter, scheduled a public hearing for April 26, 2001, for the purpose of receiving evidence relevant to the Company's application, and established a procedural schedule for the Company, Protestants, Staff, and public witnesses.

On February 28, 2001, Delegate Michele B. McQuigg filed a letter with the Commission, requesting a local hearing in Prince William County on the application. On March 2, 2001, the Hearing Examiner entered a ruling scheduling two local hearings in Prince William County for April 9, 2001, for the purpose of receiving public comment on the Company's application. The April 26, 2001, hearing date was retained to receive further evidence on the matter.

In response to a request from the Prince William Board of County Supervisors, the Hearing Examiner extended the date for filing written comments to April 6, 2001.

On April 9, 2001, the Hearing Examiner convened two local hearings in Prince William County. Twenty-six public witnesses testified at the hearings. Those participating provided valuable information about the communities adjacent to the pipeline, safety concerns, proximity of the pipeline to homes, schools, and other occupied buildings, and the need for a tree buffer adjacent to the pipeline route. Indeed, the information disclosed prompted the Staff to investigate these issues further and to request leave to file supplemental testimony to address the citizens' concerns. In this regard the Staff filed a Motion to continue the April 26th hearing and to permit it to file supplemental testimony on the safety issues raised by property owners affected by the pipeline.

After receiving responses to the Staff's Motion, the Hearing Examiner continued the evidentiary portion of the April 26, 2001, hearing to a later date to be agreed upon by the parties. The April 26, 2001, hearing date was retained for the purpose of receiving the testimony of any additional public witnesses, and a pre-hearing conference was scheduled to identify the critical issues in the case and to reschedule the evidentiary hearing.

On May 14, 2001, among other things, the Staff supplemented its testimony on the safety and other issues raised by the citizens at the April 9, 2001, local hearings. Virginia Power was granted leave to file supplemental rebuttal on these as well as certain issues raised by the Hearing Examiner regarding the project.

The April 26, 2001, hearing was convened as scheduled. One public witness testified, and, by agreement of counsel, the matter was continued to June 6, 2001.

On the appointed day, the matter came on for hearing before Michael D. Thomas, Hearing Examiner. No public witnesses appeared at the hearing. Counsel appearing were Stephen H. Watts, II, Esquire, and M. Renae Carter, Esquire, for Virginia Power; James S. Copenhaver, Esquire, for Columbia Gas of Virginia, Inc. ("Columbia"); Eric M. Page, Esquire, for Columbia Gas Transmission Corporation ("TCo"); Michael J. Quinan, Esquire, for Lake Ridge Parks and Recreation Association, Inc. ("Lake Ridge"); Edward L. Petrini, Esquire, for the Virginia Committee for Fair Utility Rates ("VCFUR"); Donald R. Hayes, Esquire, for Washington Gas Light Corporation ("WGL"); and William H. Chambliss, Esquire, and Sherry H. Bridewell, Esquire, for the Commission Staff. By agreement of counsel, all testimony and exhibits were admitted to record without cross-examination. Proof of notice of the application was marked and



admitted into the record as Ex. VP-26. The case participants submitted a stipulation as a proposed resolution of the issues raised by the captioned application. The Hearing Examiner accepted the Stipulation into the record. Tr. at 191-192. The case participants agreed to waive comments to the Hearing Examiner's Report, in the event the Hearing Examiner recommended that the Commission accept the Stipulation.

On June 8, 2001, the Hearing Examiner issued his Report on the application. In his Report, the Examiner summarized the evidence and the provisions of the Stipulation. He found that Virginia Power's response to the citizen landowners' safety concerns, as expressed in the April 9 public hearings, was reasonable and that the Company proposals met the requirements of § 56-265.2:1 of the Code of Virginia, as well as the safety concerns of the citizens for their properties adjoining the pipeline route.

The Examiner noted that Virginia Power had agreed to contribute \$30,000 and \$5,000, respectively, to the homeowners associations in Lake Ridge and Orange Court for the purchase of trees and other vegetation to replant the tree buffers in these subdivisions after construction of the pipeline is completed. The Hearing Examiner observed that in the Lake Ridge Subdivision, the Company agreed to allow the homeowners adjoining the Company's transmission easement to plant tree

buffers on a five (5) foot wide strip extending inward from the western outer edge of the electric transmission right-of-way after the pipeline was constructed in order to provide a visual buffer. Under the terms of the stipulation, upon completion of final alternating current mitigation and cathodic protection studies ("studies") for the pipeline, but in no event later than eighteen (18) months after construction of the pipeline is completed, Virginia Power agreed to permit the Lake Ridge homeowners to replant an additional 5-foot strip, if found to be consistent with the results of its studies. Virginia Power also offered the services of its in-house forester to identify species of trees and other vegetation that may be planted in the transmission line corridor.

The Examiner found that the Company's response to the citizens' concerns regarding the environmental impact that the pipeline's installation will have on their natural tree buffers to be reasonable. He also found that Virginia Power's agreement to move the pipeline five feet farther into its easement, to increase pipeline wall strength and thickness for the entire length of the pipeline, and its agreement to inspect and test the entire pipeline beyond the requirements of 49 C.F.R. § 192, as well as its agreement to operate the pipeline at a reduced operating pressure, to be reasonable. The Examiner concluded that Virginia Power's response met § 56-

265.2:1's standard for minimizing the safety concerns of the citizens whose homes adjoin the pipeline route. He recommended that the Commission enter an Order that adopts the findings contained in his Report, accepts the Stipulation received in the case, grants Virginia Power a certificate of public convenience and necessity to develop, construct, own, and operate an intrastate natural gas pipeline in accordance with the Stipulation, and dismisses the case from the Commission's docket of active cases. The Examiner noted that at the June 6, 2001, evidentiary hearing, the case participants waived their right to file comments to the Report, provided that the Hearing Examiner recommended that the Commission accept the Stipulation. Since the Examiner recommended that the Commission accept the Stipulation offered at the June 6 hearing, he advised that the matter was now ripe for decision by the Commission.

Sections 56-265.2 and -265.2:1 of the Code of Virginia govern Virginia Power's application to develop, construct, own, and operate an intrastate natural gas pipeline. In accordance with these statutes, the following issues have been considered by the Hearing Examiner and, in turn, the Commission, in this case: (1) whether there was a need for the additional service within the time frame contemplated; (2) whether the cost estimates, choice of technology, construction plans and proposed manner of carrying out the project were reasonable; and

(3) whether there were suitable alternatives to the proposed construction.

There is no explicit definition of the term "public convenience and necessity" set out on the face of § 56-265.2. Consequently, we must exercise our judgment and discretion in the application of that statute. Further, we have considered the effect of the pipeline on the environment, public safety, and economic development in the Commonwealth as contemplated by § 56-265.2:1.<sup>4</sup> Our deliberative process on this application has been aided by the testimony of the property owners in this matter, the supplemental testimony of Staff on the safety issues raised by the Project, as well as Virginia Power's responsible undertakings made in consideration of the affected landowners' concerns.

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<sup>4</sup> Section 56-265.2:1 A of the Code of Virginia provides in pertinent part:

- A. Whenever a certificate is required pursuant to § 56-265.2 for the construction of a pipeline for the transmission or distribution of manufactured or natural gas, the Commission shall consider the effect of the pipeline on the environment, public safety, and economic development in the Commonwealth, and may establish such reasonably practical conditions as may be necessary to minimize any adverse environmental or public safety impact. In such proceedings, the Commission shall receive and consider all reports by state agencies concerned with environmental protection; and, if requested by any county or municipality in which the pipeline is proposed to be constructed, local comprehensive plans that have been adopted pursuant to Article 4 (§ 15.1-446.1 et seq.) of Chapter 11 of Title 15.1.

Further, we note that no county in which the pipeline is proposed to be constructed has requested that we consider their local comprehensive plans. In fact, Virginia Power has acknowledged through the supplemental rebuttal testimony of Mr. W. Bruce Aitkenhead (Ex. WA-23) that it must comply with the planning regulations of and receive appropriate permits from both Prince William and Fairfax Counties.

Earlier this year, we authorized Virginia Power to construct a new gas-fired generating facility and convert two existing coal-fired generating units to burn natural gas at the Possum Point Power Station in Prince William County.<sup>5</sup> Gas service is not currently available at the generating station. Thus, according to the Company, gas supplies have to be obtained and facilities built to deliver gas to the Station. The Company avers that in order for Unit 6 at the Station to be completed by May 2003, natural gas service must be available to the site in October 2002. The Company further explained that construction on the pipeline to provide gas service for the new unit is

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<sup>5</sup> See Application of Virginia Electric and Power Company, For Approval of Generation Facilities pursuant to Virginia Code § 56-580 D or, in the Alternative, for Approval of Expenditures pursuant to Virginia Code § 56-234.3 and for a Certificate of Public Convenience and Necessity pursuant to Virginia Code § 56-265.2 and Application of Virginia Electric and Power Company, For authority under Chapters 3, 4, and 5 of Title 56 of the Code of Virginia to participate in lease financing arrangements for construction of generation facilities, and for a declaration of non-jurisdiction, Case Nos. PUE000343 and PUF000021, Doc. Con. Ctr. No. 010310364, slip. op. (Mar. 12, 2001 Final Order), (hereafter referred to as "Case No. PUE000343").

scheduled to begin by April 2002, and that the Company must complete its acquisition of land interests by the end of 2001. Ex. TE-20 at 3. Thus, there is a need for natural gas service within the time frame contemplated.

The cost estimates, choice of technology, and proposed manner of carrying out this project appear reasonable. Virginia Power has supported a \$22,200,000 estimate for the project, proposes to construct its pipeline in accordance with the Commission's minimum pipeline safety regulations adopted in Case No. PUE890052<sup>6</sup> and, in fact, has added increased pipe strength, additional internal and external corrosion protection, and increased non-destructive testing that exceeds the minimum specifications set out in the pipeline safety regulations adopted by the Commission in Case No. PUE890052.

The Company has also agreed to provide to the Commission's Division of Energy Regulation ("Division") for review comprehensive written specifications for all portions of the gas pipeline and associated facilities, including the portion of the metering and regulating station owned by Virginia Power at the pipeline's point of interconnection with the Cove Point LNG

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<sup>6</sup> See Commonwealth of Virginia, At the relation of the State Corporation Commission, Ex Parte, In the matter of adopting gas pipeline safety standards and reporting procedures for public service corporations providing gas service under Commission jurisdiction through transmission and distribution facilities located and operated within the Commonwealth of Virginia and granting other authorizations pertaining to the Gas Pipeline Safety Program, Case No. PUE890052, 1989 S.C.C. Ann. Rept. 312.

pipeline and provisions for the cathodic protection system, interference current mitigation and electric isolation required by our pipeline safety regulations. At least 60 days prior to the operation of the pipeline, the Company has agreed to submit for review by the Division its operating and maintenance manuals for the project, the operator qualification manual, and its anti-drug plan and plan to prevent alcohol misuse in connection with the Project, required by the Commission's pipeline safety regulations. See Stipulation at 7. We agree that this is appropriate and find that Virginia Power's gas pipeline and associated facilities should be subject to our pipeline safety regulations. Consistent with its representations at page 9 of the Stipulation made a part of the record herein, Virginia Power shall be ultimately responsible for these facilities' construction and operation.

Virginia Power has identified El Paso Merchant Energy ("El Paso") as the likely source of gas supply for its pipeline and represents that it is in the final stages of concluding its arrangements for gas supply with El Paso. Ex. AT-24 at 2-3. The Company's pipeline will have access to the Cove Point transshipment terminal and thus, to LNG deliveries from abroad, pending the outcome of a current application regarding the Cove Point terminal now before the Federal Energy Regulatory Commission ("FERC"). Ex. JS-10 at 4-5. Ex. AT-24 at 3.

Virginia Power witness Thorn expressed optimism that Cove Point's application would be approved by FERC so that LNG deliveries to the pipeline can begin on schedule. Ex. AT-24 at 3. Virginia Power anticipates that it will have its comprehensive agreement with Cove Point in place by June 15, 2001. Ex. AT-24 at 3-4.

With regard to the economic implications of this project as noted in both Staff and Company testimonies, the pipeline will play an integral part in enabling Virginia Power to enhance its system reliability and provide environmental benefits as part of its Possum Point Generating Station reconfiguration.<sup>7</sup> See, e.g. Ex. TE-20 at 3; Ex. JS-10 at 3. To meet the objectives of enhancing Virginia Power's system reliability and to provide the environmental benefits the Station is anticipated to provide for Northern Virginia, Virginia Power must, as a matter of course, maintain and retain control of the new gas pipeline and associated facilities at issue in this case. Therefore, we agree that it is appropriate for the Company's certificate of public convenience and necessity to be conditioned to provide that the certificate shall expire if Virginia Power does not

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<sup>7</sup> While we conclude that Virginia Power's pipeline should be constructed, owned, and operated as proposed in the captioned application, as modified by the conditions set out in the Stipulation and this Order, we make no determination regarding the transfer of the pipeline and its associated facilities, as that will be an issue to be considered as part of Virginia Power's Functional Separation Plan Application, docketed as Case No. PUE000584, or in some subsequent docket.



obtain or maintain control of the pipeline and the associated facilities, except as may be determined in Virginia Power's Functional Separation Plan, docketed as Case No. PUE000584, or as may be determined in some other proceeding. If the Company does not obtain or maintain control of the pipeline and the associated facilities, the Company must request further authority from the Commission regarding the disposition of these pipeline facilities.

At pages 7-8 of the Stipulation received at the June 6, 2001, hearing, Virginia Power represents that it will comply with all permitting requirements, take all mitigation measures necessary, and submit all plans, specifications or reports recommended by the Department of Environmental Quality's ("DEQ's") coordinated review. Exhibit JAS-3 to Ex. JS-7. With the addition of the conditions set out in the DEQ coordinated review (Exhibit JAS-3 to Ex. JS-7) and the Stipulation, the pipeline is unlikely to have significant effects on the environment.

Construction of the pipeline lateral is a major undertaking and may have significant impacts on the environment if proper precautions are not undertaken. Accordingly, we will direct the Division to monitor the Company's compliance with the conditions set out in the Stipulation and the DEQ coordinated review. We will also require the Company to provide quarterly reports on

its compliance and on its plans to comply with the coordinated review to Staff in advance of its compliance actions. Virginia Power should use all reasonable efforts to comply with the letter and spirit of DEQ's coordinated review. The Division should review the reports submitted by the Company and consult with the appropriate state agency concerning Virginia Power's plans to comply with the requirements found in the coordinated review (Ex. JAS-3 to Ex. JS-7).

We agree with the Hearing Examiner that the Stipulation (Attachment A hereto) and the conditions specified therein are appropriate, and that the project should be approved with these conditions. However, our approval of the pipeline considers current conditions and environmental considerations for the communities through which the pipeline will be constructed. Company witness Evans testified that construction of the pipeline must begin by April 2002, and natural gas must be available to the Possum Point site by October 2002. Ex. TE-20 at 3.

We recognize that the natural gas and electric industries are in a period of transition as competition develops within these industries' markets. Because of the rapidity with which these industries are changing, projects that are considered viable and necessary may, over time, become unnecessary or uneconomical. Thus, we believe an additional condition should

be placed on the certificate of public convenience and necessity issued herein. If construction and operation of the pipeline extends significantly beyond the 2002 date identified by the Company, the need for the pipeline project and other issues relevant to the project will have to be re-examined; the Company then will be required to request additional authority from the Commission if construction and operation of the pipeline facilities are not completed by December 31, 2003.

While we have no present reason to believe that this project will be delayed, we nevertheless conclude that this possibility should be considered. Therefore, if the pipeline has not become operational by December 31, 2003, the certificate granted herein will lapse, unless extended by a Petition made by the Company to the Commission, demonstrating good cause for the delay. In the event construction and operation of the pipeline and its associated facilities are delayed beyond December 31, 2003, and the certificate expires, the Company will then have to submit a new application to the Commission, wherein the need for the pipeline and other relevant statutory criteria will be subject to reevaluation.

Finally, the financing for the pipeline project is now the subject of a Petition for Reconsideration in Case No. PUF000021. Virginia Power's construction contract and pipeline operation and maintenance agreement is the subject of pending Case

No. PUA010025. Both of these cases represent critical elements of the pipeline project now under consideration. Therefore, the approval granted herein is contingent upon the Company obtaining Commission approval to use proceeds from the synthetic lease to finance the pipeline in Case No. PUF000021. In addition, the approval of the pipeline project is granted contingent upon the Company receiving final approval of the Pipeline Construction Contract and Pipeline Operation and Maintenance Agreement now pending before us in Case No. PUA010025. The certificate of public convenience and necessity approved herein will not be issued nor will it be effective until final approval is obtained in Case Nos. PUF000021 and PUA010025.

Accordingly, IT IS ORDERED THAT:

(1) The recommendations of the June 8, 2001, Hearing Examiner's Report, as modified herein, are hereby adopted.

(2) The terms of the Stipulation received at the June 6, 2001, hearing, as supplemented herein, are adopted and incorporated into this Order as Attachment A hereto. Virginia Power shall comply with the representations it has made in Attachment A hereto.

(3) Pursuant to §§ 56-265.2 and -265.2:1 of the Code of Virginia and subject to the conditions imposed by this Order and the terms of the Stipulation, Virginia Electric and Power Company will be authorized to construct, own, and operate the

gas pipeline, upon receipt of our approval of the synthetic lease financing in Case No. PUF000021 and the agreements that are the subject of the Petition now pending before us in Case No. PUA010025.

(4) Pursuant to the provisions of §§ 56-265.2 and -265.2:1, upon obtaining approval in Case No. PUF000021 to use proceeds from the synthetic lease financing to finance the pipeline and approval of the agreements at issue in Case No. PUA010025, and upon filing appropriate Virginia Department of Transportation County road maps with the Division of Energy Regulation, the Company shall be granted Certificate of Public Convenience and Necessity No. GT-70 to construct, own, and operate a fourteen mile, 20-inch diameter, coated steel intrastate gas transmission pipeline, employing a permanent right-of-way of 50 feet in width in Fairfax and Prince William Counties, Virginia, as more particularly described in the Company's application of December 15, 2000, Exs. DB-18 and -21, and Attachment A hereto. The Certificate of Public Convenience and Necessity granted herein is conditioned upon the Company's compliance with the safety requirements set out on pages 5-7, paragraph 4 of Attachment A hereto; the Company's submission to the Division of Energy Regulation of the documents specified on page 7, paragraph 5 of Attachment A hereto; compliance with the permitting, mitigation measures, and submission of the documents

required on pages 7-8 of paragraphs 6 and 7 of Attachment A hereto; and observation of a maximum operating pressure of 1055 psig, subject to the Company obtaining any necessary governmental approvals and permits required for the installation and operation of pressure regulation facilities as contemplated by subdivision H, paragraph 4, page 7 of Attachment A; the certificate approved herein shall not be issued or become effective until the Company receives final approvals in pending Case Nos. PUF000021 and PUA010025.

Further, Certificate No. GT-70 shall expire if the natural gas pipeline has not become operational by December 31, 2003, or if Virginia Power does not obtain or maintain control of the natural gas pipeline facility, except as may be determined in the Company's Functional Separation Plan, docketed as Case No. PUE000584, or some other docket. If said Certificate of Public Convenience and Necessity expires, the Company shall file an appropriate application with the Commission wherein the need for the pipeline and other relevant statutory criteria will be reevaluated.

(5) Virginia Power shall comply with all of the conditions set out in the DEQ coordinated review and Attachment A hereto, so as to minimize any adverse impact on the environment caused by the construction authorized herein. In this regard, Virginia Power shall provide quarterly reports to the Commission's

Division of Energy Regulation regarding the Company's compliance and plans for compliance with the DEQ coordinated review and Attachment A in advance of actions taken to comply with the same. The Division shall review the reports submitted by the Company and shall consult with the appropriate state agency concerning Virginia Power's plans for compliance.

(6) The preliminary approval granted herein is for the specific facilities authorized by this Order, as more particularly described in the Company's application of December 15, 2000, as modified by Ex. DB-18 and Ex. DB-21 and Attachment A hereto. The Company shall forthwith advise the Commission of any proposed changes to the pipeline facilities, construction practices, or routing that differ from those which have been proposed and approved herein.

(7) The Company shall forthwith file with the Commission a true copy of: (i) the final versions of the Pipeline Construction Contract and Pipeline Operation and Maintenance Agreement, and (ii) subject to the provisions of the March 12, 2001, Protective Ruling issued herein, (a) the interconnection agreement between Virginia Power and Cove Point LNG, LLP, (b) gas supply agreement between Virginia Power and El Paso Merchant Energy, and (c) the Easement Support Agreements, once all of the foregoing documents are executed.

(8) This matter is continued pending further order of the Commission.